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THE CHANGING NATURE OF WORK AND FUTURE HOUSING ASPIRATIONS OF CANADIANS*

Introduction

The *Changing Nature of Work and Future Housing Aspirations of Canadians* is a research report prepared by Ekos Research Associates Inc. It explores the nature of some of the links between the labour market and the demand for housing.

The study had three objectives:

- to identify and understand significant changes in working environments;
- to analyze how these changes affect values and priorities with respect to housing and subsequently demand for home ownership; and
- to examine whether current home financing arrangements and underwriting criteria are responding to the changing nature of work.

Research Program

The research program included three stages:

- a review of the literature and secondary data, including interviews with labour-market experts;
- focus groups; and
- key informant interviews.

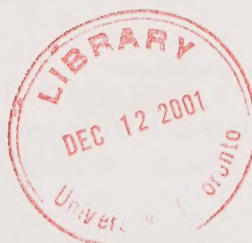
The researchers conducted 12 focus groups with people who had full-time, permanent employment and those with contractual, self-employment or part-time work. The 20 key informant interviews involved home builders, real estate brokers and mortgage loans officers.

Based on these results, researchers then projected three long-term labour-market scenarios on the future of work and their potential effects on housing tenure, dwelling characteristics (location, size, quality and special features) and financing arrangements.

The three scenarios were "Almost Business As Usual" (close to the status quo), "Technology Not People" (more pessimistic) and "Work Not Jobs" (more optimistic).

Almost Business As Usual

In the "Almost Business As Usual" scenario, labour-market changes such as the globalization of commerce and increased competition, flexibility in workplace practices and organizational changes, which result from the adoption of information technology, take place gradually. There are some concerns about high unemployment, and thus some changes in behaviours and institutions occur.



However, there are no revolutionary adjustments. Self-employment and other non-standard work arrangements continue to grow, but this type of employment does not exceed standard employment in the middle-term future.

Technology Not People

The "Technology Not People" scenario is based on the assumption that a major socio-technical revolution occurs hand in hand with globalization. It creates mass unemployment, particularly among the lower-skilled segment of the workforce. It also polarizes the workforce between highly skilled, highly paid employees and others who are lower skilled, lower paid and marginally employed. Potential results include increased social tension and more violence and crime.

Work Not Jobs

The "Work Not Jobs" scenario postulates a similar information-based revolution with a positive outcome. It creates new business opportunities and economic growth, enables the development of new products and services, and generates economic wealth. Under this scenario, most people are not employed in long-term jobs with a single employer but participate in projects from different sources of work provided by the new technologies. Rather than mass unemployment, more people work from home because of self-employment and contract work that offers independence and the ability to spend more time at home with the family.

- sectoral and geographical shifts; and
- the increasing incidence of organizational change and flexible work practices (e.g., downsizing, outsourcing.)

Another trend identified is increasing employment growth in small firms, where jobs are typically lower-paying and less secure. Trends among youth include a lengthening of the transition between school and work, rising educational enrollment and attainment levels, and falling labour-force participation.

Focus groups and interviews

This phase of the research identified a number of issues that could influence housing tenure, location, characteristics and financing arrangements. For example, people working in a fixed location expressed a desire to live near their place of work, while those working from home indicated an interest in living close to clients and services such as printers, post offices and transit systems.

People who work from home were also interested in having home offices, although only those who could afford it, primarily homeowners, actually have an extra room in their homes for this purpose. Special features such as separate entrances were not considered a priority.

Access to home financing was another concern for people in non-standard work arrangements, particularly the self-employed who do not work in professional, white collar occupations (e.g., accountants, lawyers, engineers and architects). Among the obstacles they reported to obtaining financing was the need to provide more documentation, answer more questions and provide bigger down payments than people in standard, wage-earning employment. In addition, people in both standard and non-standard work arrangements expressed an interest in flexible mortgages with features such as the ability to make biweekly payments and lump sum payments in any amount, at any time, without penalties.

Findings

Data and literature review

Based on the review of the data and the literature, the researchers identified a number of trends affecting the labour market. Some trends of particular importance are:

- the increasing proportion of the workforce engaged in non-standard work arrangements;

Implications for the housing industry

The table below presents a summary of the major implications for each of the three scenarios.

Table 1: Impact of Labour Market Scenarios on Aspects of the Housing Market

Aspects of Housing Market	Reference Scenario: "Almost Business As Usual"	Scenario A: "Technology Not People"	Scenario B: "Work Not Jobs"
<i>Housing Tenure</i>	<input type="checkbox"/> Slight increase in rental residences	<input type="checkbox"/> More rental and/or social housing, co-operatives	<input type="checkbox"/> Increased home ownership if mortgages, become more flexible
<i>Dwelling Characteristics</i> Location	<input type="checkbox"/> Continued proximity to urban centres	<input type="checkbox"/> Increased closed-in ("gated") communities <input type="checkbox"/> Polarization of neighbourhoods	<input type="checkbox"/> Potential for greater dispersion
Size	<input type="checkbox"/> More demand for small to medium-sized homes	<input type="checkbox"/> Polarization between larger/mega-homes and multiple-residence buildings	<input type="checkbox"/> Increase in medium-sized to large
Quality	<input type="checkbox"/> Increase in quality of materials	<input type="checkbox"/> Polarization: rising demand for high quality homes and lower-quality rented residences	<input type="checkbox"/> Increase in quality of materials
Special features	<input type="checkbox"/> Slight increase	<input type="checkbox"/> Increase in high-tech features, home offices for the elite	<input type="checkbox"/> Increase in separate entrances, home offices, special wiring for equipment, out-buildings
<i>Financing Arrangements</i>	<input type="checkbox"/> Slight increase in demand for flexible mortgage arrangements and mortgage insurance	<input type="checkbox"/> Decrease in the number of mortgages <input type="checkbox"/> Little change in types of mortgages	<input type="checkbox"/> Greater demand for flexible mortgage arrangements and mortgage insurance <input type="checkbox"/> Diversification of sources of funding homebuyers
<i>Role for CMHC</i>	<input type="checkbox"/> Encourage financial institutions to offer more flexible mortgage arrangements	<input type="checkbox"/> Active housing policy to support social housing	<input type="checkbox"/> Deregulation of financial markets to diversify mortgage sources <input type="checkbox"/> Encourage financial institutions to offer more flexible mortgage arrangement

The authors emphasize that while the labour market does have some effect on the housing market, the primary determinants of core demand for housing tenure, and housing preferences are demographics, economic factors and personal preferences. The principal manner in which the labour market influences housing affordability is by flow and level of income.

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Housing Research at CMHC

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